

## Bond Market Survey (August 2020)

Survey period: From August 3 to August 7, 2020

Number of respondents<sup>1</sup>: 70

<sup>1</sup> Eligible institutions for the Bank of Japan's outright purchases and sales of JGBs and major insurance companies, asset management companies, etc.

### 1. Bond Market Functioning (Answer the following questions considering the secondary JGB market.)

#### (1) The degree of bond market functioning from your company's viewpoint<sup>2</sup>

<sup>2</sup> Answer these questions taking into account your answers to (2) a. to g. as a whole.

(Current situation)

	May 2020 Survey	Aug. 2020 Survey	Number of respondents
DI <sup>3</sup>	-45	-27	/
Percentage			
1. High	0	4	3
2. Not very high	55	64	45
3. Low	45	31	22

<sup>3</sup> DI: Diffusion Index of "1" minus "3", %points. The same applies hereafter.

(Change from three months ago)

	May 2020 Survey	Aug. 2020 Survey	Number of respondents
DI	-50	19	/
Percentage			
1. Has improved	1	20	14
2. Hasn't really improved	48	79	55
3. Has decreased	51	1	1

#### (2) Factors related to bond market functioning and liquidity

##### a. The bid-ask spread from your company's viewpoint

(Current situation)

	May 2020 Survey	Aug. 2020 Survey	Number of respondents
DI	-27	-4	/
Percentage			
1. Tight	3	9	6
2. Not very tight	67	79	55
3. Wide	30	13	9

(Change from three months ago)

	May 2020 Survey	Aug. 2020 Survey	Number of respondents
DI	-44	17	/
Percentage			
1. Has tightened	1	17	12
2. Hasn't really tightened	54	83	58
3. Has widened	45	0	0

##### b. The order quantity by market participants from your company's viewpoint, taking into account "thickness" of the trading board<sup>4</sup>

(Current situation)

	May 2020 Survey	Aug. 2020 Survey	Number of respondents
DI	-63	-32	/
Percentage			
1. Large	0	1	1
2. Not very large	37	66	46
3. Small	63	33	23

<sup>4</sup> "Thickness" of the trading board refers to the order quantity for each bid and ask price.

(Change from three months ago)

	May 2020 Survey	Aug. 2020 Survey	Number of respondents
DI	-66	14	/
Percentage			
1. Has increased	1	20	14
2. Hasn't really increased	31	74	52
3. Has decreased	67	6	4

##### c. The dealing frequency of your company<sup>5</sup>

(Current situation)

	May 2020 Survey	Aug. 2020 Survey	Number of respondents
DI	-42	-23	/
Percentage			
1. High	0	3	2
2. Not very high	58	71	50
3. Low	42	26	18

<sup>5</sup> Answer dealing frequency with the same counterparty.

(Change from three months ago)

	May 2020 Survey	Aug. 2020 Survey	Number of respondents
DI	-39	7	/
Percentage			
1. Has increased	4	17	12
2. Hasn't really increased	52	73	51
3. Has decreased	43	10	7

##### d. The number of your dealing counterparties

(Current situation)

	May 2020 Survey	Aug. 2020 Survey	Number of respondents
DI	-35	-23	/
Percentage			
1. Large	1	4	3
2. Not very large	63	69	48
3. Small	36	27	19

(Change from three months ago)

	May 2020 Survey	Aug. 2020 Survey	Number of respondents
DI	-35	7	/
Percentage			
1. Has increased	1	11	8
2. Hasn't really increased	63	84	59
3. Has decreased	36	4	3

##### e. The lot size of your company

(Current situation)

	May 2020 Survey	Aug. 2020 Survey	Number of respondents
DI	-21	-17	/
Percentage			
1. Large	3	4	3
2. Not very large	73	74	52
3. Small	24	21	15

(Change from three months ago)

	May 2020 Survey	Aug. 2020 Survey	Number of respondents
DI	-24	-3	/
Percentage			
1. Has increased	3	6	4
2. Hasn't really increased	70	86	60
3. Has decreased	27	9	6

f. Is your company able to make dealings with expected prices?

(Current situation)

	May 2020 Survey	Aug. 2020 Survey	Number of respondents
DI	12	24	
Percentage	1. Yes	33	37
	2. Not really	46	50
	3. No	21	13

g. Is your company able to make dealings with expected dealing lots?

(Current situation)

	May 2020 Survey	Aug. 2020 Survey	Number of respondents
DI	6	25	
Percentage	1. Yes	33	39
	2. Not really	39	46
	3. No	27	14

## 2. Outlook for Long-Term Interest Rates

(1) The outlook for newly issued JGB yields at each following point

(Newly issued 2-year JGB yield)

(%)

< Number of respondents : 68 >	End-Sep. 2020	End-Dec. 2020	End-Mar. 2021	End-Jun. 2021	End-Mar. 2022	End-Mar. 2023
Average	-0.14	-0.14	-0.13	-0.13	-0.12	-0.10
Third quartile (75th percentile)	-0.13	-0.12	-0.10	-0.10	-0.10	-0.10
Median	-0.15	-0.15	-0.15	-0.14	-0.12	-0.10
First quartile (25th percentile)	-0.15	-0.15	-0.15	-0.15	-0.15	-0.15

(Newly issued 5-year JGB yield)

(%)

< Number of respondents : 68 >	End-Sep. 2020	End-Dec. 2020	End-Mar. 2021	End-Jun. 2021	End-Mar. 2022	End-Mar. 2023
Average	-0.11	-0.11	-0.10	-0.10	-0.08	-0.06
Third quartile (75th percentile)	-0.10	-0.10	-0.10	-0.09	-0.05	-0.05
Median	-0.10	-0.10	-0.10	-0.10	-0.10	-0.08
First quartile (25th percentile)	-0.12	-0.12	-0.11	-0.11	-0.10	-0.10

(Newly issued 10-year JGB yield)

(%)

< Number of respondents : 69 >	End-Sep. 2020	End-Dec. 2020	End-Mar. 2021	End-Jun. 2021	End-Mar. 2022	End-Mar. 2023
Average	0.01	0.01	0.03	0.03	0.06	0.10
Third quartile (75th percentile)	0.02	0.05	0.05	0.05	0.10	0.15
Median	0.00	0.00	0.04	0.05	0.05	0.06
First quartile (25th percentile)	0.00	0.00	0.00	0.00	0.00	0.04

(Newly issued 20-year JGB yield)

(%)

< Number of respondents : 68 >	End-Sep. 2020	End-Dec. 2020	End-Mar. 2021	End-Jun. 2021	End-Mar. 2022	End-Mar. 2023
Average	0.39	0.40	0.42	0.44	0.48	0.53
Third quartile (75th percentile)	0.40	0.45	0.45	0.50	0.50	0.60
Median	0.40	0.40	0.40	0.45	0.45	0.50
First quartile (25th percentile)	0.35	0.37	0.40	0.40	0.40	0.45

(Newly issued 30-year JGB yield)

(%)

< Number of respondents : 66 >	End-Sep. 2020	End-Dec. 2020	End-Mar. 2021	End-Jun. 2021	End-Mar. 2022	End-Mar. 2023
Average	0.55	0.56	0.59	0.61	0.65	0.71
Third quartile (75th percentile)	0.56	0.60	0.65	0.65	0.70	0.76
Median	0.55	0.55	0.57	0.60	0.60	0.65
First quartile (25th percentile)	0.50	0.50	0.55	0.55	0.55	0.60

(2) The probability distribution forecast<sup>6</sup> of the newly issued 10-year JGB yield at end-Mar. 2022 and end-Mar. 2023

	≤▲0.50%	▲0.49~▲0.25%	▲0.24~0.00%	0.01~0.25%	0.26~0.50%	0.51~0.75%	0.76~1.00%	1.01~1.25%	1.26~1.50%	1.51% ≤
End-Mar. 2022 (67 respondents)	0.5	5.1	34.0	52.0	5.9	1.2	0.6	0.3	0.3	0.1
End-Mar. 2023 (67 respondents)	0.5	4.7	29.5	53.2	8.7	1.9	0.8	0.4	0.3	0.1

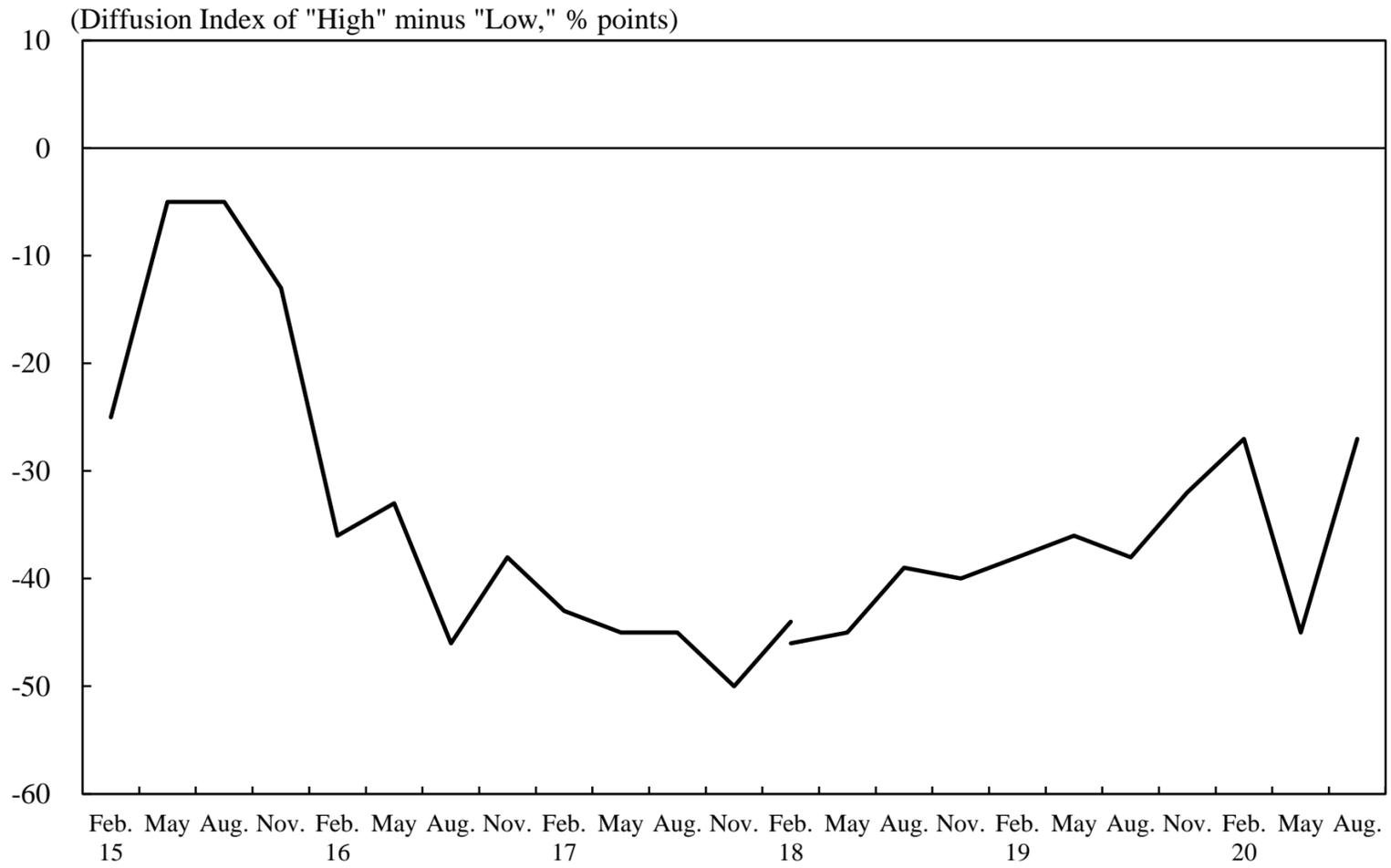
<sup>6</sup> Arithmetic average

Note: The next survey's publication date is December 1, 2020

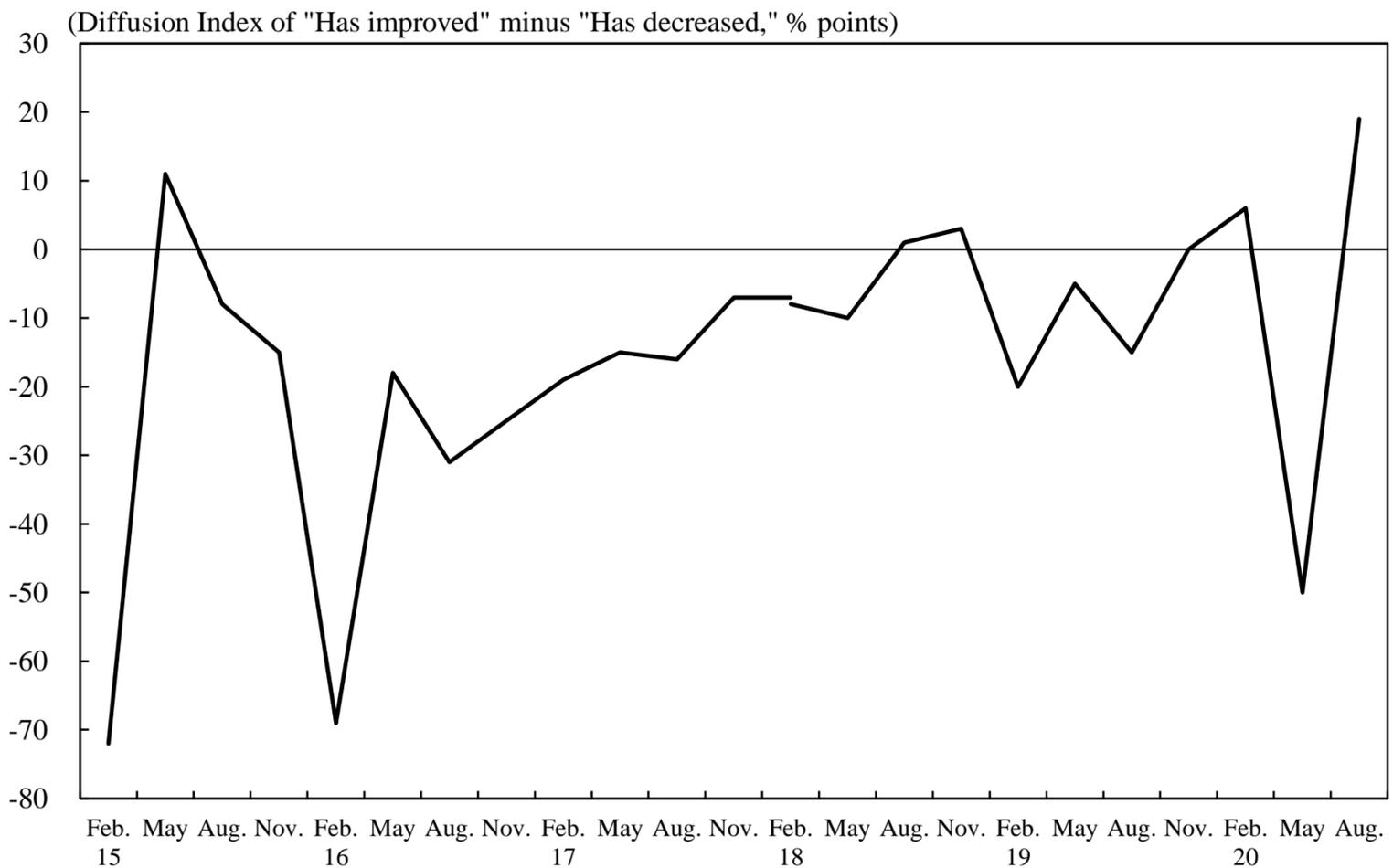
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# Degree of Bond Market Functioning

## Current situation



## Change from three months ago



Note: The survey from February 2018 onward includes responses from major insurance companies, asset management companies, etc., in addition to those from eligible institutions for the Bank's outright purchases and sales of JGBs. Regarding the figures for February 2018, the reference data, which are based on responses only from eligible institutions for the Bank's outright purchases and sales of JGBs, are also indicated.